

available at www.sciencedirect.com

SciVerse ScienceDirect

journal homepage: www.elsevier.com/locate/iimb

Editorial

It is my pleasure to bring to you the final issue of the journal for the year 2012, with its usual mix of features and articles.

While government intervention has traditionally been the most common approach to solve national problems of food security, poverty, and equity issues, the outcomes of such interventions have been mixed, opine Tim Woonghee, Stergios Athanassoglou and Upmanu Lall, suggesting a role for the private sector in addressing the problem and improving the efficiency of the agriculture industry. Contract farming between private corporations and farmers could be one way to address this issue, but the problem associated with it is the possibility of the farmers selling outside the contract. In their paper *Contract Farming with Possible Reneging in a Developing Country: Can it Work?* the authors present a model of contract farming which explicitly allows for the farmer's reneging on the contract, modelling the system with a processed food manufacturer and multiple homogeneous farmers. It is expected that this paper would serve as a prototype to develop a more detailed, high-accuracy contract farming model that would be used for multinational corporations engaged in the practice of contract farming. The paper *Evaluation of Basel III Revision of Quantitative Standards for Implementation of Internal Models for Market Risk* by Meera Sharma uses the historical simulation Value at Risk (VaR) method to study the impact of one of the revisions to the quantitative standards laid down under the Basel III Accord for the implementation of internal models for market risk by banks. The revision allows banks to conservatively combine short period VaRs with long period VaRs. Sharma's study evaluates the performance of the conservative combination method through regulatory back tests, unconditional, and conditional coverage tests. The results show that the combination improves performance in regulatory back tests and tests of unconditional coverage but does not enhance conditional coverage performance. A common trend is the superior performance of long in combination with short VaR methods. Asserting this to be the first study on the topic, the author suggests that the results would have significant implications for industry as well as regulators.

Peer-review under responsibility of Indian Institute of Management, Bangalore



Production and hosting by Elsevier

The position of the Indian IT–ITeS industry as the most favoured outsourcing destination has been made difficult by recent global developments, bringing efficiency considerations of the industry to the fore. The efficiency considerations in the context of the Indian IT–ITeS industry have hitherto remained unexamined, primarily due to the paucity of granular data. In his paper *Efficiency dynamics and sustainability of the Indian IT-ITeS industry: An empirical investigation using DEA*, Sankalpa Bhattacharya attempts to measure efficiency and thereby identify determinants of efficiency by incorporating Data Envelopment Analysis (DEA), a technique that enables measurement of comparative efficiencies of units without information regarding the product and input prices. Primary data for this study was collected from STP Kolkata for a period of 15 years. The study reveals, importantly, the inherent heterogeneity of the IT–ITeS industry on efficiency considerations. While the industry remains highly concentrated on account of a few big players and a large number of smaller ones, a segment wise analysis reveals that the software development units continue to be leading foreign exchange earners, whereas the ITeS segment is the one providing better employment opportunities, albeit lower compensation. The study prescribes segment-specific or size-specific policies for sustainability of the industry instead of a uniform policy.

In this issue, the Interview features Mr K V Kamath non-executive chairman of the boards of Infosys and ICICI Bank, in conversation with Prof N Balasubramanian and Prof Rejie George as they examine corporate boards as a pre-eminent mechanism of corporate governance, with a focus on the Indian scenario. The Round Table feature sees Prof Jayant Kale and Prof Venkatesh Panchapagesan examining the mutual fund industry in India, an academically opportune area. They benchmark the industry globally, and raise key issues regarding the ownership and performance of mutual funds, the sensitivity of fund flows to performance, and the importance of regulation to its growth; the article also captures the views of leading practitioners on these and other issues, including challenges posed by poor financial literacy and the equity culture in the country.

I look forward to your feedback on this issue and wish all readers a happy and prosperous New Year.

Nagasimha Balakrishna Kanagal, Editor-in-Chief,
IIMB Management Review, India
E-mail address: eic@iimb.ernet.in